

Message Text

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ORIGIN PM-04

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DRAFTED BY PM/SAS:DHESTER:RF

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NEA/AFN - S. ESCUDERO

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R 210144Z APR 76
FM SECSTATE WASHDC
TO AMEMBASSY RABAT
INFO USCINCEUR
SECDEF

C O N F I D E N T I A L STATE 096051

E.O. 11652: GDS

TAGS: MASS, MO

SUBJECT: MOROCCO FMS CREDIT

REF: (A) RABAT 1908 (B) SECDEF 4085 DTG 032251Z MAR 76

JOINT STATE/DEFENSE MESSAGE

1. USG REAFFIRMS APPROVAL OF GOM USE OF FY 75 FMS CREDIT AS DESCRIBED PARA 1 REF A AND AS INITIALLY APPROVED IN REF B.

2. USG ALSO APPROVES ALLOCATION OF FY 76 CREDIT FOR C-130H MARCH PROGRESS PAYMENT (\$9.1 MILLION) AND JULY PROGRESS PAYMENT (\$10.4 MILLION), DRAGON DOWN PAYMENT (\$7.4 MILLION), AND DRAGON JAN 77 PROGRESS PAYMENT (\$3.1 MILLION) AS RECOMMENDED BY EMBASSY IN PARA 4 REF A.

BELIEVE, HOWEVER, THAT SINCE LOCKHEED C-130H CONTRACT WAS NOT SIGNED UNTIL MARCH 18, MARCH AND JULY PROGRESS PAY-
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MENTS SHOULD BE CORRECTED TO READ MAY AND SEPTEMBER PRO-

GRESS PAYMENTS. PLEASE CONFIRM THIS CORRECTION AND GOM
ACCEPTANCE OF USE OF FY 76 CREDIT FUNDS STATED ABOVE.

3. IT IS UNLIKELY THAT AUTHORIZATION TO EXTEND FY 76
CREDIT TO GOM WILL BE OBTAINED IN TIME FOR FIRST C-130H
PROGRESS PAYMENT, WHICH LOCKHEED STATES IS DUE AT LATEST
BY MAY 18. HOWEVER, NON-AVAILABILITY OF FMS FINANCING
AT TIME PAYMENTS ARE DUE DOES NOT OBVIATE NEED FOR GOM
TO MEET SUCH PAYMENTS IN ACCORDANCE WITH SCHEDULE AGREED
TO BY GOM IN COMMERCIAL CONTRACT. MOROCCAN MILITARY
ATTACHE HAS INFORMED DOD THAT AMBASSADOR BOUTALEB HAS
RECEIVED GOM AUTHORIZATION TO SIGN FY 76 LOAN AGREEMENT.
GOM APPARENTLY INSISTING THAT GOM OFFICIAL IN RABAT SIGN
PROM SSORY NOTE AND LEGAL OPINION WILL ONLY BE PROVIDED
AFTER FY 76 LOAN AGREEMENT IS CONSUMMATED.

4. WITH REGARD TO FY 77 CREDIT PROGRAM, IT SHOULD BE
NOTED THAT FY 77 CREDIT ALSO MAY NOT RPT NOT BE AVAILABLE
(AS NOTED PARA 2 REF B) IN TIME TO MAKE NOV 76 DEPOSIT
OF \$3.7 MILLION APPARENTLY REQUIRED BY GOM CONTRACT WITH
BEECH FOR 12 T-34'S. GOM REQUEST FOR INCREASE IN FY 77
CREDIT FINANCING FROM \$30 TO \$72.4 MILLION AND EMBASSY
RECOMMENDATION OF INCREASE TO \$45 MILLION IS NOTED.
AS MENTIONED PARA 2 REF B, HOWEVER, IT IS TOO EARLY IN
FY 77 BUDGETARY PROCESS (I.E. HEARINGS STILL IN PROGRESS
ON ADMINISTRATION'S PROPOSED FY 77 SECURITY ASSISTANCE
PROGRAM) TO CONSIDER INCREASE IN ANY COUNTRY PROGRAM
BEYOND THAT INCLUDED IN CURRENT REQUEST BEFORE CONGRESS.

5. WHILE WE UNDERSTAND GOM HOPES TO AVOID MIXING CREDIT
WITH CASH PAYMENTS FOR SAME EQUIPMENT, IT REMAINS GOM
RESPONSIBILITY TO MAKE TIMELY PROGRESS PAYMENTS UNDER
TERMS OF LETTERS OF OFFER OR COMMERCIAL CONTRACTS.
REQUIRED PAYMENTS UNDER LOAS OR COMMERCIAL CONTRACTS CANNOT
REPEAT CANNOT BE DELAYED PENDING PROVISION OF FMS
FINANCING. ROBINSON

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